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Message Text

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PAGE 01 EC BRU 09938 161904Z

66
ACTION EUR-12

INFO OCT-01 ARA-06 ISO-00 AGR-05 SWF-01 AID-05 CEA-01

CIAE-00 COME-00 EB-07 FRB-01 INR-05 NSAE-00 RSC-01

CIEP-01 SP-02 STR-01 TRSE-00 LAB-04 SIL-01 SAM-01

OMB-01 /056 W
---------- 078535
R 161728Z DEC 74
FM USMISSION EC BRUSSELS
TO SECSTATE WASHDC 8000
INFO ALL EC CAPITALS 164
AMEMBASSY BRASILIA
AMEMBASSY CARACAS
AMEMBASSY HELSINKI
AMEMBASSY REYKJAVIK
AMEMBASSY STOCKHOLM

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PASS AGRICULTURE

E.O. 11652: N/A
TAGS: ETRD, EEC
SUBJECT: EC EXPORT SUBSIDIES ON APPLES

REF: STATE 272508

1. A MISSION OFFICER EXPRESSED US CONCERN REGARDING EC APPLE EXPORT SUBSIDIES TO LOERKE, THE EC COMMISSION'S US DESK OFFICER, ON DEC. 13. WE ALSO NOTED THAT THIS POINT HAD BEEN RAISED IN THE US-EC CONSULTATIONS OF DEC. 5-6. LOERKE SEIZED ON THE LATTER POINT AND SAID THAT WELLENSTEIN AND OTHERS FROM THE EC DELEGATION HAD BEEN UNHAPPY WITH THE LAST MINUTE SURFACING OF THIS PROBLEM IN THE CONSULTATIONS. HOWEVER, HE AGREED TO CHECK ON THE MATTER WITH HIS AGRICULTURE COLLEAGUES AND TOOK NOTE OF THE DATA CONTAINED IN REFTEL.

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PAGE 02 EC BRU 09938 161904Z

2. MISSION OFFICERS ALSO RAISED THE APPLE EXPORT SUBSIDY ISSUE WITH

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

WINDLE, CHIEF OF THE FRUIT AND VEGETABLE DIVISION IN THE DIREC-
TORATE GENERAL FOR AGRICULTURE. WE ASKED WINDLE FOR AN EXPLANA-
TION OF THE RATIONALE FOR CONTINUING A SUBSIDY IN THE FACE OF
A RELATIVELY SHORT EC APPLE CROP. (THE COMMISSION PRESENTLY
ESTIMATES EC APPLE PRODUCTION IN 1974 AT 5.7 MILLION MT WHICH IS
23 PERCENT BELOW THE 1973 PRODUCTION OF 7.4 MILLION MT).

3. WINDLE RESPONDED THAT, BROADLY SPEAKING, AN EXPORT SUBSIDY IS
BEING GRANTED THIS YEAR TO CONTINUE THE PRESENCE OF EC APPLES ON
TRADITIONAL EXPORT MARKETS. WHEN WE PRESSED FOR MORE SPECIFIC
INFORMATION, AND MENTIONED THE COMPETITIVE STRENGTH OF THE FRENCH
APPLE INDUSTRY, HE SAID A SUBSIDY WAS APPROVED BECAUSE VERY LOW-
PRICED OFFERS ON EXPORT MARKETS FROM COMPETING THIRD COUNTRIES
THREATEN EXPORT SALES OF EC APPLES, WHICH ARE NOT LIMITED TO
FRENCH FRUIT. IN SCANDINAVIAN COUNTRIES, HE SAID, OFFER PRICES
FOR GOLDEN DELICIOUS APPLES FROM BULGARIA AND ROMANIA ARE AS LOW
AS 12 U.S./100 KG. WHICH IS HALF THE FOB PRICE FOR FRENCH APPLES.
A SIMILAR SITUATION, HE SAID, PREVAILS IN SOUTH AMERICA, WHERE
ARGENTINA IS OFFERING VERY LOW-PRICED FRUIT. UNDER THESE CIRCUM-
STANCES, THE COMMISSION CONSIDERS A SUBSIDY NECESSARY SO THAT SALES
OF EC FRUIT WILL NOT BE COMPLETELY STOPPED.

4. WINDLE CLAIMED THAT A SUBSIDY HIGHER THAN 3 U.A./100 KG. IS
JUSTIFIED, BASED ON LOW-PRICED OFFERS FROM COMPETING COUNTRIES
AND INCREASED TRANSPORT COSTS. HOWEVER, AFTER "RIGOROUS EXAM-
INATION" IN THE MANAGEMENT COMMITTEE AND IN VIEW OF LARDINOIS'
EFFORTS TO HOLD DOWN THE LEVEL OF AGRICULTURAL EXPORT
SUBSIDIES, THE COMMISSION DECIDED TO CONTINUE WITH A SUBSIDY
OF 3 U.A./100 KG. GREENWALD

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EO Systematic Review
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